

MicroSave India Focus Note #144

Learnings from Transforming Villages into 'Less-cash Villages': Part Two

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KEY FINDINGS

1. Identifying and onboarding suitable merchants who have the potential to promote and adopt digital payments solutions
2. Involving key stakeholders and influencers while organising financial literacy campaigns to educate the customers in villages
3. Identifying and creating product champions at the village-level to educate customers on a range of different digital products

In our previous edition of India Focus Notes (IFN), we highlighted the necessary prior steps required in preparing a village economy to graduate to 'less-cash'. This IFN presents key activities, which will enable a village to advance to a less-cash ecosystem. These activities have been successfully tested in the field across a few locations in India with extensive support of NPCI and various Public Sector Banks. Needless to say, the activities should focus on both the supply and demand side. On the demand side, they should create a buzz around the concept of 'less-cash' and motivate customers to transact digitally. On the supply side, the activities have to emphasise on building acceptance infrastructure in villages to enable digital payments.



Key Activities to Create a Less-cash Ecosystem

A. Identifying and Onboarding Suitable Merchants

In a village where non-cash transaction methods are at an early stage, merchants are central to a less-cash ecosystem. They are, at least initially, the go-to point for customers who are in the process of familiarising themselves with digital interfaces. These customers seek assistance from the merchants to conduct digital transactions. Before identifying and onboarding any merchant, providers should survey the local market and identify suitable merchant points that have the potential to go digital. The providers can select merchants by considering certain parameters, such as the type of business, customer footfall, volume and value of transactions, and willingness of the merchant to accept and promote digital payments. Considering that most customers, especially in rural areas, prefer assisted transactions over self-initiated ones, the role of merchants becomes crucial to encouraging the use of digital payment solutions.

B. Installing Acceptance Infrastructure

Once merchants have been on-boarded, banks should focus on providing appropriate acceptance infrastructure at merchant points. As per a [2016 RBI report](#), some factors that inhibit the growth of digital infrastructure include high capital cost of Point-of-Sale

(PoS) machines, recurring maintenance and servicing cost, and Merchant Discount Rate (MDR). Hence, providers can either explore more economical, compact, card-swiping m-PoS terminals (for instance, [mswipe](#)) or can leverage platforms/solutions, such as BHIM-Aadhaar pay, [Bharat Quick Response \(QR\) code](#) developed by NPCI/other network service providers. It is the responsibility of the bank officials to ensure that all merchant points (identified in the previous stage) have suitable infrastructure to accept digital payments.

C. Training Merchants to Facilitate Digital Transactions

Merchants will play a key role, at least initially, in assisting customers to conduct digital transactions. Therefore, it is essential that merchants receive adequate training on digital payment solutions. The training sessions should focus on elements, such as User Interface (UI) of the applications, usage of application features, the method of conducting transactions, and building awareness on recourse mechanisms. Ideally, the merchant should be monitored at the initial stage while conducting LIVE transactions. This would help ascertain the actual learning from the training and better understand specific areas of focus during future training sessions. The merchants should be able to train customers on conducting digital transactions. They should also encourage villagers to adopt cashless modes of payments.

In addition, the staff of the provider organisation should ensure that adequate, easy-to-interpret, vernacular collaterals are displayed at merchant outlets. The collateral should showcase detailed process flows for transactions that can be conducted digitally at the merchant point.

The provider should inform merchants about recourse mechanisms. For instance, if credit is not reflected in the merchant's account even after debiting a customer's account, then the merchants should know whom to approach to resolve such issues, and the typical turn-around time (TAT). This will help merchants manage cash flows, increase their trust in the system and will encourage them to accept digital payments.

D. Obtaining Regular Feedback from Merchants

The local bank staff should visit the merchant regularly to obtain feedback on digital payments. The feedback will cover challenges faced by both the merchant as well as customers. The bank staff can document the feedback and incorporate it to improve the training modules for future and refresher sessions. It is of prime importance to continuously use the feedback in a constructive manner to address recourse mechanisms and/or to simplify the transaction process at the merchant point.

Key Activities for Mobilising and Educating Customers

E. Leveraging Mass-media Platforms to Generate Buzz

Once a functional and accessible acceptance infrastructure is in place, digital service providers should focus on generating local awareness. It is vital to creating significant buzz at the local area-level to generate awareness and curiosity about the cashless ecosystem. This can be achieved by leveraging both print and digital media and using avenues, such as vernacular advertisements in local newspapers, radio broadcasts, verbal promotions through mobile vans, and collaterals such as pamphlets and posters. The content on all media should be carefully designed to appeal to various customer segments. All such media are likely to generate sufficient interest among customers to explore digital transactions

F. Organising Financial Literacy Campaigns to Educate the Customers

The providers should involve a variety of stakeholders while organising a financial awareness campaign in a village locality. The stakeholders may include bank officials, school staff, panchayat officials, Block Development Officer (BDO), local civic bodies, as well as NGOs and SHGs. The stakeholders should plan the campaign after considering the venue, timing, medium of training, participative activities, besides other logistics.

The objective of the campaign should be to spread awareness among customers on the importance of going digital. It should explain various digital payments options (such as *99#, AEPS, BHIM, card-based payment, etc.) and highlight the ease of conducting digital transactions. It is essential to customise the campaign module in the local language and as per the understanding of the intended audience. The campaign should encourage active participation through

interactive sessions, such as games and quizzes. It may also offer token gifts, such as merchandise. In addition, the providers may host the content online and on mobile applications to drive customers, especially the youth, to access the content conveniently. Emphasis should be given to educational institutes, such as colleges, schools, local training institutions, to actively sustain the literacy campaign.

G. Conducting Live, Hands-on Transactions to Train Users

During the campaign, it should be ensured that the customers not only learn about digital payments but also conduct transactions. These live digital transactions should be conducted across a range of customer profiles using various payment options. The awareness campaign should feature step-by-step process flows that clearly explain how to conduct transactions for each payment option. This will enable the customers to follow and learn the process, and transact digitally. It is expected that such hands-on-transactions would assist providers to generate increased trust among customers and lead to a higher adoption and use of digital payment modes

H. Identifying and Training Product-Champions

Most promotions are either conducted once or for a short period of time. There is, therefore, a need for providers to identify and create product champions for solutions at the village-level to promote a steady uptake of digital payments. The provider (bank) staff, who are trained on various digital payments solutions and grievance mechanisms, can act as those champions. They would educate customers on various products and encourage them to use solutions, such as card-based payments and BHIM. The providers should train educated, tech-savvy influencers in the village to encourage and assist customers in adopting digital solutions. For instance, teachers, SHG members or local NGOs, and business-correspondents or agents who are influencers in the village can be trained. They may then on-train their respective customers on the use of digital applications/media.

These select stakeholders are opinion leaders at the local level and can guide students, NGO members, SHG members and other villagers in future even after the literacy campaign has run its course. Similarly, willing and capable individuals can be trained on the products and may be positioned as product champions. This essentially works like a 'Training the Trainer' (ToT).

Conclusion

The gamut of these activities, if well planned and conducted, has the potential to:

- a) Motivate people on the benefits of going digital and using payment solutions
- b) Generate awareness about digital payment solutions
- c) Activate merchant points at key locations
- d) Train villagers to use digital methods, among others.

The task of building a less-cash ecosystem is indeed colossal, but not impossible.